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Stephen Bulat is one of 32 homebuyers in the Riverbend development in a dispute with the developer, who is having financial difficulties.

Homebuyers want sale honoured

People who signed purchase contracts in 2005 have been told they must pay 2007 market price

BY DERRICK PENNER
VANCOUVER SUN

Stephen Bulat still hopes he and his fiancée will move into a home at 227-3000 Riverbend Drive in Coquitlam, although the builder has cancelled their contract and returned their deposit.

Bulat is one of 32 purchasers who signed pre-sale contracts in 2005 to buy homes in the Riverbend development. They're now being told the builder, CB Development 2000 Ltd., has hit financial difficulties and must put the units up for sale at current market prices.

"We're not backing down," Bulat said in an interview. "We're not really acknowledging it's legal for them to breach this contract. We haven't cashed any cheques that were given to us. This contract still holds."

Bulat and his fiancée agreed to buy a three-bedroom, three-level house for \$349,900, which they expected to be complete in June 2006.

The project hit delays, however, and Bulat said the builder extended the delivery date several times with a final deadline of mid-June this year.

Bulat said he and his fiancée were excited about moving in. They had participated in the building process, choosing the fittings and finishings they

wanted, including having speaker, microphone and computer ethernet cable running through the walls.

The couple sold their condominium 20 months ago in preparation for their move, and though they were losing equity gains on that property during a fierce run up in Greater Vancouver property values, Bulat said they were comforted in knowing their yet-to-be complete unit was also rising in value.

Now, they are among at least six buyers suing CB Development in the hope of forcing the company to honour its contracts.

Their lawyer, Shane Coblin, has filed the actions in the B.C. Supreme Court in Vancouver and registered certificates of pending litigation on the property titles in question. The certificates serve as a warning to any potential purchasers of the units that there is a dispute over their ownership, and essentially ties them up until the suit is resolved.

Coblin, in an interview, said the remedy the buyers want is called specific performance, which means they want a judge to order CB Development to fulfill the pre-sale contracts.

"There is no provision for the builder to back out of these agreements, to all of a sudden say they don't want to do it any more," Coblin added. "They are binding contracts."

However, CB Development's president Grayden Hayward said the company's lender forced it to cancel the contracts.

Hayward said in an interview that the Riverbend project ran into problems as rising con-

struction costs raced ahead of pre-sale prices which were set after the company started building the three-phase development in 2002.

Hayward is also a chartered accountant, director of the Vancouver Airport Authority and secretary treasurer of the Vancouver Board of Trade. He said that in January, CB Development had to seek refinancing of its construction loan for Phase 3 of the project, which was begun in 2005. By then costs had again exceeded prices. In April the lender Carevest Capital Inc. delivered its ultimatum — it would refuse to discharge the loan "unless the purchase price for such properties reflected fair market value" of the units.

"That wasn't our doing," Hayward said. "I guess at that point, it's their call. If there's a shortfall, they can go foreclosure."

News of the Riverbend case has made it all the way to the floor of the provincial legislature with opposition MLAs demanding action to protect consumers. Finance Minister Carole Taylor said the provincial superintendent of real estate is looking into the situation.

Peter Simpson, CEO of the Greater Vancouver Homebuilders' Association, said the case has raised uncertainty about pre-sales in the minds of buyers, and a lot of his members aren't happy about that.

Simpson added that all companies face delays and cost overruns, but they "suck it up, they fulfill their obligations to buyers and move on to the next project with their integrity and reputations intact."

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